

Message Text

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13-S

ACTION EA-10

INFO OCT-01 ISO-00 AGR-05 AID-05 EB-07 L-02 IGA-01 SS-15

CIAE-00 INR-05 NSAE-00 RSC-01 NSC-05 DODE-00 SSO-00

NSCE-00 INRE-00 OMB-01 TRSE-00 /058 W

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O 200520Z DEC 74

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC IMMEDIATE 8669

C O N F I D E N T I A L PHNOM PENH 16820

FOR DEPUTY ASSISTANT SECRETARY MILLER FROM AMBASSADOR

E.O. 11652: GDS

TAGS: EAID, CB

SUBJECT: CEILING ON ECONOMIC ASSISTANCE AND PROPOSED PL 480
AGREEMENT AMENDMENT

REFS: (A) STATE 278562

(B) PHNOM PENH 16790

(C) PHNOM PENH 16791

1. I AM AT THIS MOMENT PARTICULARLY CONCERNED LEST PL 480
OPERATIONAL DECISIONS IN THE NEXT DAYS AND WEEKS PUT US
IRRETRIEVABLY ON THE ROAD OF A RICE ONLY ECONOMIC ASSISTANCE
PROGRAM.

2. A RICE ONLY PROGRAM WOULD BE A CALAMITY, JUST AS RUNNING
OUT OF RICE WOULD BE A DIASTER. IT WOULD REQUIRE SHUTTING
DOWN OF ALL OTHER FORMS OF ECONOMIC ASSISTANCE. THAT WOULD
DEAL A FEARFUL BLOW TO THE KHMER REPUBLIC'S VERY FRAGILE
ECONOMY. MASS UNEMPLOYMENT, WIDESPREAD STRIKES AND UNREST,
TOGETHER WITH HYPERINFLATION IN THE RANGE OF 1,000 PERCENT
PER YEAR ARE SUFFICIENTLY REALISTIC CONSEQUENCES FOR US TO
EXPECT THEM WITH A RICE ONLY PROGRAM. IT IS MOST DOUBTFUL
THAT THE GOVERNMENTAL AND POLITICAL STRUCTURE OF THE KHMER
REPUBLIC COULD LONG ENDURE IN SUCH CIRCUMSTANCES.

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3. SINCE THIS IS A POLICY MATTER OF SUCH GRAVE IMPORTANCE,
I WOULD APPRECIATE YOUR COUNSEL BEFORE WE CONCUR IN IMMEDIATE
AUGMENTATION OF THE PL 480 AGREEMENT WHICH IS PROPOSED IN
REF (A).DEAN

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Message Attributes

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